American Academy of Family Physicians
2021 Massachusetts Avenue, N.W., Washington, DC 20036-1011

November 18, 2003

Dear Senator/Representative:

On behalf of the 94,300 members of the American Academy of Family Physicians and their patients, thank you for the diligence and insight that you have provided to the process of developing a Medicare prescription drug benefit bill. As Congress approaches its scheduled adjournment, the final consideration of the conference committee's final bill is likely. The AAFP supports passage of this Medicare legislation because it is a step in the right direction toward full support of seniors' access to effective pharmaceuticals.

As Congress considered this measure, we have consistently asked that the final bill contain three essential provisions.

(1) Medicare Update
The final bill must address the growing problem created by a dysfunctional formula that determines the annual Medicare physician reimbursement rate. The language in the House bill that would impose a moratorium on the implementation of the current formula and would specify a minimum annual increase of 1.5 percent for the next two years provides Congress with time to review the formula and enact effective and necessary reforms.

(2) Geographic Equity
The current Medicare reimbursement system attempts to lessen the value of the work of a physician and other health care providers when it is offered in a rural area. The AAFP strongly disagrees with a reimbursement scheme that would undervalue rural physicians and the work that they do. We anticipate therefore that the conference committee will recommend that there be a floor of 1.0 to the Geographic Physician Cost Index's work factor.

(3) GME provisions
We support the increase for the Indirect Medical Education (IME) adjustment that is apparently in the conference report. However, the Centers for Medicare and Medicaid Services (CMS) recently revised its rules governing the payment of Graduate Medical Education (GME) funds to hospitals. These revisions effectively prohibit the use of volunteer teachers in non-hospital settings, and prohibit direct and

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indirect GME reimbursement for training in settings that may have received non-Medicare funds at some point since their program began. Family medicine training programs will be devastated by such rules which would not allow volunteer teachers in the non-hospital setting, since 85 percent of family medicine faculty members in those settings are volunteers. Additionally, family medicine training programs that may have received outside funds, e.g., foundation or university funding, at anytime in the past will be prohibited from receiving GME reimbursement. A final Medicare bill must include newly revised Senate language that would prohibit CMS from implementing this startling new interpretation of rules that had been in place for many years. The proposed language would allow for volunteer teachers in non-hospital settings and carve out medical residencies from the final rule regarding community support.

As we understand it, the final bill contains the first two provisions and the IME item, but does not include the GME provisions. The AAFP supports passage of the final bill, but is greatly disappointed that the very critical GME issue is not addressed. The Academy believes this is profoundly shortsighted and does nothing to redress the supply and distribution of family physicians and other primary care physicians in this country who are critical to this nation's health care needs – an incredibly important aspect of any Medicare program, privatized or government-run. We would strongly request inclusion of the Senate language addressing these important GME regulations.

Sincerely,

James C. Martin, MD

James C. Martin, MD, FAAFP
Board Chair